

Iraq Weekly Status Report

July 16, 2008

**Bureau of Near Eastern Affairs
US Department of State**

Unclassified



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HIGHLIGHTS

- Vote on Election Law in the COR Postponed After Dispute Over Kirkuk (**POLITICAL, page 4**)
- Daughters of Iraq to Take on Security Role in Diyala. (**SECURITY, page 8**)
- Electricity Output Up 10% in First Six Months of 2008 (**ESSENTIAL SERVICES, page 13**)
- Iraq and Turkey signed a joint political declaration establishing a strategic cooperation council to develop a long-term strategic partnership. (**DIPLOMATIC, page 22**)

POLITICAL - Governance & Legislation



Vote on Elections Law in the CoR Postponed:

- Speaker Mashadani brought the elections law to the CoR for a vote on July 15. Kurdish members immediately protested, specifically bothered by two alternatives regarding Kirkuk: the first giving equal representation to the Arabs, Kurds, and Turkmen in the Tamim Provincial Council (PC); the second postponing PC elections there. When Mashadani announced that a quorum was present, Kurdish members began to leave. Debate continued after the noon break when Deputy Speaker Attiyah announced that the vote would be delayed to give bloc leaders a chance to study the bill and its alternatives in more detail. During the July 16 session, the CoR decided to vote on the law July 21.



POLITICAL – Government of Iraq

| |
|---|
| Coalition Affiliation (at time of appointment) |
| United Iraq Alliance |
| Kurdistani Alliance |
| Iraqi Accord Front |
| Iraqi National List |
| Other / Independent |

(F) = Female

*Formerly Tawafuq

**Formerly Sadrist/UIA

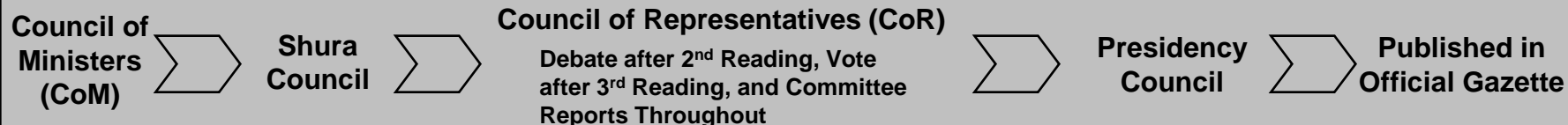
***Formerly Iraqiya

Prime Minister
Nuri al-Maliki
Deputy Prime Minister
*** Vacant**
Deputy Prime Minister
Barham Salih
President
Jalal Talabani
Deputy President
Tariq al-Hashimi
Deputy President
‘Adil ‘Abd al-Mahdi
Minister of Agriculture
Ali al-Bahadeli
Minister of Communications
***** Vacant**
Minister of Culture
*** Vacant**
Minister of Defense
**Abdul Qadir Muhammed
Jasim al-Mufraji**
**Minister of Displacement
& Migration**
**Abd al-Samad Rahman
Sultan**
Minister of Electricity
Karim Wahid
Minister of Education
Khudayyir al-Khuza'i
Minister of Environment
Narmin ‘Uthman (F)
Minister of Finance
Bayan Jabr
Minister of Foreign Affairs
*** Hoshiyar Zebari**
Minister of Health
Saleh al-Hasnawi
Minister of Higher Education
*** Vacant**
Minister of Human Rights
Wijdan Mikha'il (F)
Minister of Industry & Minerals
Fawzi al-Hariri
Minister of Interior
Jawad al-Bulani
Minister of Justice
***** (Safa al Safi acting)**
Minister of Housing & Construction
Bayan Daza'l (F)
Minister of Labor & Social Affairs
**Mahmud Muhammad
Jawad al-Radi**
Minister of Oil
Husayn al-Shahristani
Minister of Planning
Ali Baban
Minister of Trade
Abd al-Falah al-Sudani
Minister of Science & Technology
Ra'id Fahmi Jahid
Minister of Municipalities & Public Works
Riyad Ghurayyib
Minister of Transportation
**** Vacant**
Minister of Water Resources
‘Abd al-Latif Rashid
Minister of Youth & Sports
Jasim Muhammad Ja'far
Minister of State for Civil Society
*** (Wijdan Mikha'il Acting) (F)**
Minister of State for National Dialogue Affairs
Akram al-Hakim
Minister of State for National Security Affairs
Shirwan al-Waili
Minister of State for Foreign Affairs
*** Vacant**
Minister of State for Governorates Affairs
Sa'd Hashim
Minister of State for Tourism and Antiquities
**** Vacant**
Minister of State for Women's Affairs
**** (Narmeen Othman Acting)**
Minister of State for CoR Affairs
Safa al-Safi



POLITICAL – Key Legislation and Refugee Update

Legislative Process



| | |
|---------------------------|---|
| Provincial Elections | The CoR is currently considering reviewing the law, which will set the legal basis and structure of provincial elections. |
| Hydrocarbons Package | The level of control allocated to the central government in the July 2007 draft version of the Framework Law (currently in CoR Committee) is the key point of disagreement; there may be more progress on the Revenue Management Law, currently with the Shura Council, in the coming months. |
| Amnesty Law | PASSED: CoR approved the law on February 13; the law was signed by the Presidency Council February 26 and was implemented March 2. |
| Pensions Amendment | PASSED: Published in the Official Gazette December 2007. |
| De-Ba'athification Reform | PASSED: Approved by default by the Presidency Council February 2008. Published in the Official Gazette in mid-February. |
| Provincial Powers | PASSED: CoR approved the law on February 13; the law was vetoed by the Presidency Council February 26. The veto was rescinded on March 19, allowing the law to take effect. |

Refugee Update

Refugees in the region: 2-2.4 million

Internally displaced persons in Iraq: 2.2-2.7 million

Total number of Iraqi refugees admitted to the U.S. during to date in FY07-FY08: 8217



SECURITY - Situation Update

New Weapons in the Hands of Insurgents:

- US military officials report that insurgents in Iraq have begun attacking Coalition Forces with powerful Improvised Rocket Assisted Munitions, or IRAMs. The modified rocket bomb consist of propane tanks packed with explosives that are propelled by 107mm rockets and fired by remote control from the back of a truck. IRAMs are typically fired at close range in order to maximize their effectiveness and increase casualties on Coalition bases. Officials estimate that IRAMs have killed at least 21 people this year, three of which were US soldiers.

Iraqi Army Finds Large Weapons Cache:

- Iraqi Army (IA) soldiers helped lead US soldiers to a large cache of weapons in a remote area outside the city of Numaniyah on July 8. The cache consisted of over 1300 artillery shells and other assorted munitions and was prepared for demolition by IA soldiers and destroyed by US demolition experts who noted that the site was likely old with no new munitions.



SECURITY – Security Transition

Daughters of Iraq to Take on Security Role in Diyala:

- One hundred and thirty women graduated July 13 from a security training course making them the first Daughters of Iraq in Diyala province. The Daughters of Iraq will allow women to take over the critical role of searching other Iraqi women to better detect and deter future attacks. The effort to incorporate women into an augmented security role will help to lessen the increasing number of female suicide attacks in the province.



SECURITY - Iraqi Security Forces

| Iraq Security Forces as of May 31, 2008 ^a | | | |
|---|------------------------------|--------------------|---------------------------------|
| Component | Current Authorized Personnel | Assigned Personnel | Total Trained Personnel to date |
| Ministry of Interior (MoI) Forces ^e | | | |
| Iraqi Police Service ^f | 288,001 | 293,084 | 178,053 |
| National Police ^g | 33,670 | 37,322 | 46,670 |
| Border Enforcement | 38,205 | 40,886 | 31,478 |
| Total MoI | 359,876 | 371, 292 | 256,201 |
| Ministry of Defense (MoD) Forces ^h | | | |
| Army | 156,848 | 168, 977 | 211,826 |
| Support Forces | 15,583 | 18,256 | 21,048 |
| Air Force | 2,900 | 1,580 | 1,595 |
| Navy | 1,893 | 1,839 | 1,494 |
| Total MoD | 177,224 | 190,652 | 235,963 |
| Counter Terrorism Bureau | | | |
| Special Operations ⁱ | 4,733 | 3,759 | 4,561 |
| Total Iraqi Security Forces | 541, 833 | 565, 703 | 496, 728 |

**The decrease in authorized MoD forces from the April 30 Weekly Status Report with ISF data as of March 31 reflects a change in a temporary GOI policy to increase front line units to 120% of authorized end strength to maintain present-for-duty totals at 100% while soldiers took leave. This change will make ISF reporting consistent with standard military personnel accounting practices in other countries and provide a clearer representation of ISF manning levels.

- a. Numbers do not include ministry staffs.
- b. Numbers reflect Government of Iraq (GOI) authorizations.
- c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.
- d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.
- e. MoI strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.
- f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.
- g. Includes the national Emergency Response Unit.
- h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).
- i. The MoD Army Training and Support Forces include logistics units and training center cadre.
- j. Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.



ECONOMIC – Economic & Government Capacity Update

Iraqi Officials Distribute Cash Handouts:

- In a somewhat garbled account, a wire service reported that Prime Minister Nuri al-Maliki and other top Iraqi officials have been authorized to hand out cash as long as the payments do not exceed \$8,000 and are not given to the same person more than once. Actually, there are several official channels for distributing cash benefits to citizens. The most common is through the Social Safety Net program administered by the Ministry of Labor and Social Affairs which distributes small (\$200-\$400/month) payments to the poorest of the poor. Individuals may also be entitled for cash benefits to help see them through medical treatments. To encourage refugees to return to Iraq and help them resettle, the government plans to offer larger one time benefits – in line with the \$8000 reported. The administrative details for that program are still being worked on.

Iraqi Cabinet Approves Supplemental Budget:

- The Iraqi Council of Ministers approved a \$21 billion supplemental budget on July 8, which brought the total 2008 budget to \$70 billion. Recent drops in violence and profits from oil revenue have enabled the Government of Iraq to focus on reconstruction and rebuilding. The addition of this supplemental makes the 2008 budget the highest in Iraqi history.



ECONOMIC – Oil

Crude Oil Update:

Price averages in world markets closed with the following prices:

Basrah Light at \$129.49/barrel

Dated Brent at \$139.91/barrel

WTI Cushing at \$140.04/barrel

Oman/Dubai at \$136.47/barrel

Revenue estimates:

2006: \$31.3 Billion

2007: \$41.0 Billion

2008: \$33.4 Billion (ytd)

Ministry of Oil Plans Two New Southern Refineries:

- Iraq's Ministry of Oil is planning to increase its oil production by building two new oil refineries the southern Iraqi cities of Nasiriyah and Karbala, but it has not named contract awards or stated how long it would take the refineries to be built. The new refineries would dramatically increase Iraq's ability to refine oil, which has been hindered by damaged infrastructure after years of sanctions and war. New refineries would help the Government of Iraq meet the internal and external demand for oil products.



ECONOMIC – Oil

Iraq's Navy Strives to Protect Oil Terminals:

- Iraq's small Navy is focusing its efforts on protecting Iraq's two offshore oil terminals and increasing the size of its force by a third to 2,500 personnel. The drive to boost the capacity of the Iraqi Navy showcases Iraq's determination to protect its oil infrastructure and reserves. The Iraqi Navy is also working towards taking over for U.S., British, and Australian forces currently protecting Iraq's offshore oil facilities.



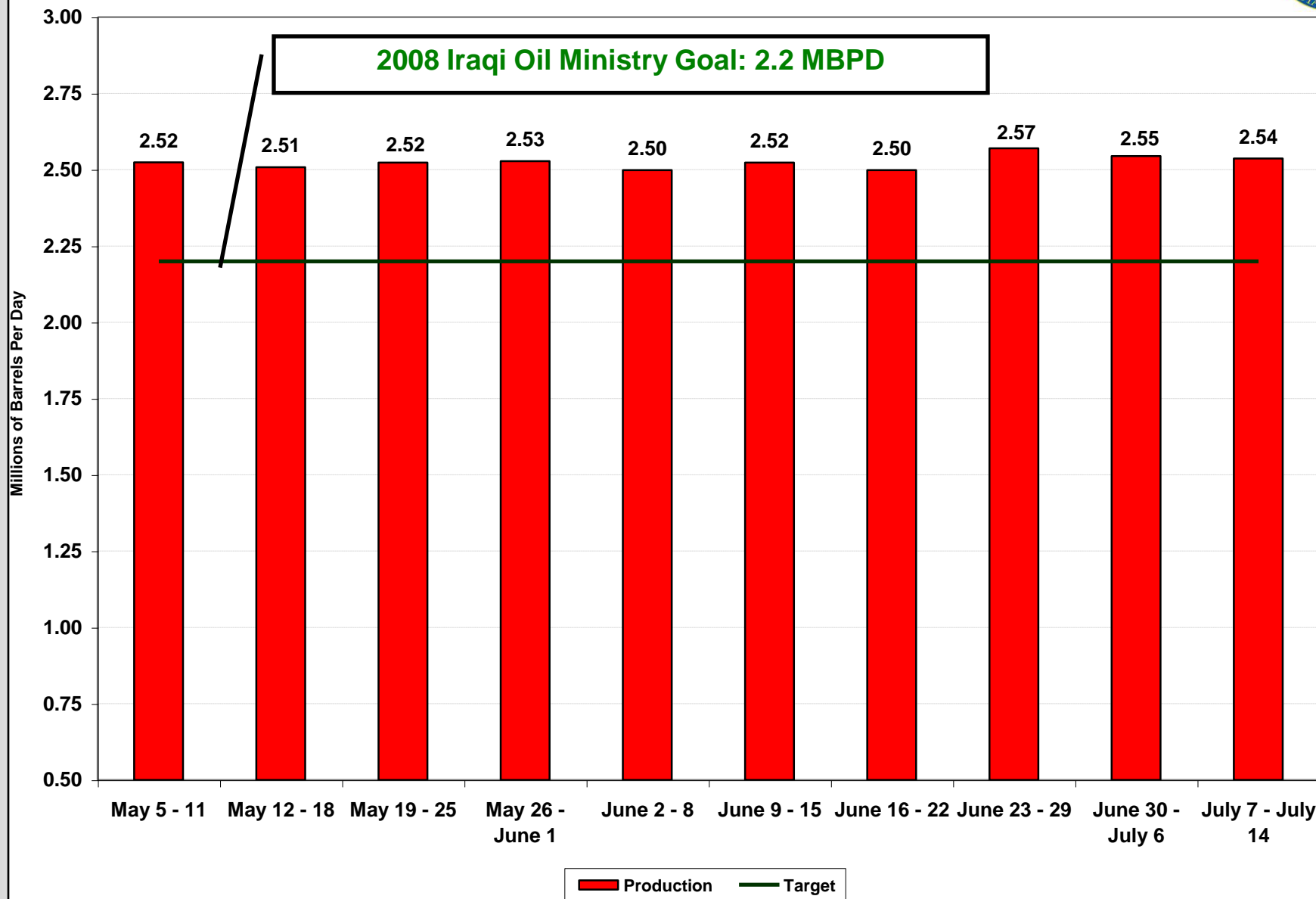
ECONOMIC – Essential Services

Electricity Output Up 10% in First Six Months of 2008:

- As in other parts of the country experiencing relative security and stability, the public's attention in Basrah has shifted beyond security concerns in the three months since April's security crackdown in the port city. While security is essential for economic development and infrastructure repair, employment opportunities and a regular supply of basic services such as power and water can mitigate violence. In Basrah, addressing the problems of aging infrastructure and limited electricity would complement the gains made during the April offensive, say officials. Large scale foreign investment is necessary in order to spur job growth and lower unemployment levels, yet investors are cautious, waiting to see if the security situation lasts. Basrah's airport—which is capable of handling large cargo and commercial aircrafts—has not yet been used for commercial purposes due in part to confused lines of authority and an absence of capable management.



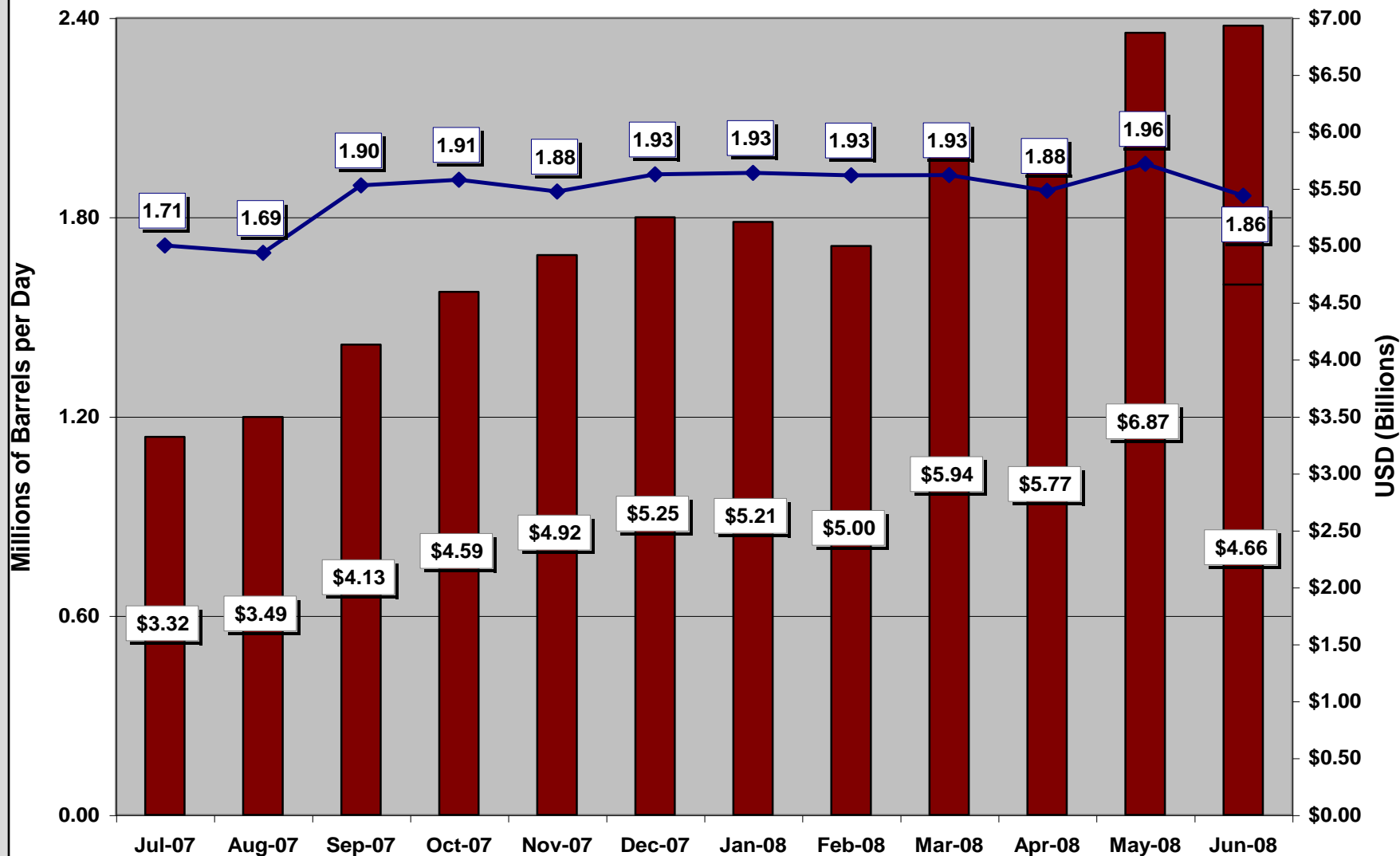
ECONOMIC – Crude Oil Production





ECONOMIC – Crude Oil Export

Revenue (US\$B) Projected Exports (MBPD)

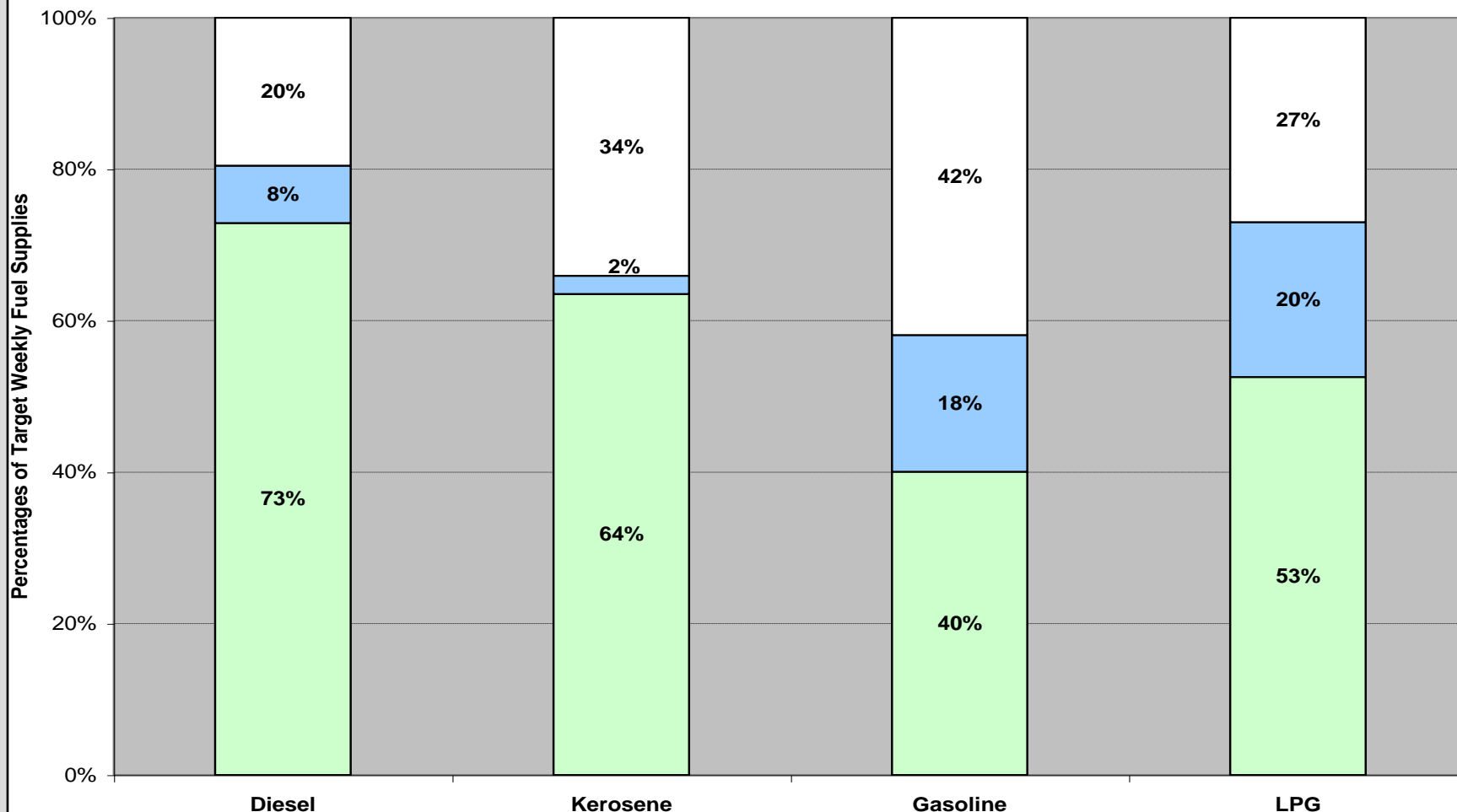


- 2006 Revenue Estimate: \$31.3 Billion 2008 Revenue Estimate: \$33.4 Billion (ytd)
- 2007 Revenue Estimate: \$41.0 Billion



ECONOMIC – Total Critical Refined Product Supplies

■ Production ■ Import □ Target Shortfall



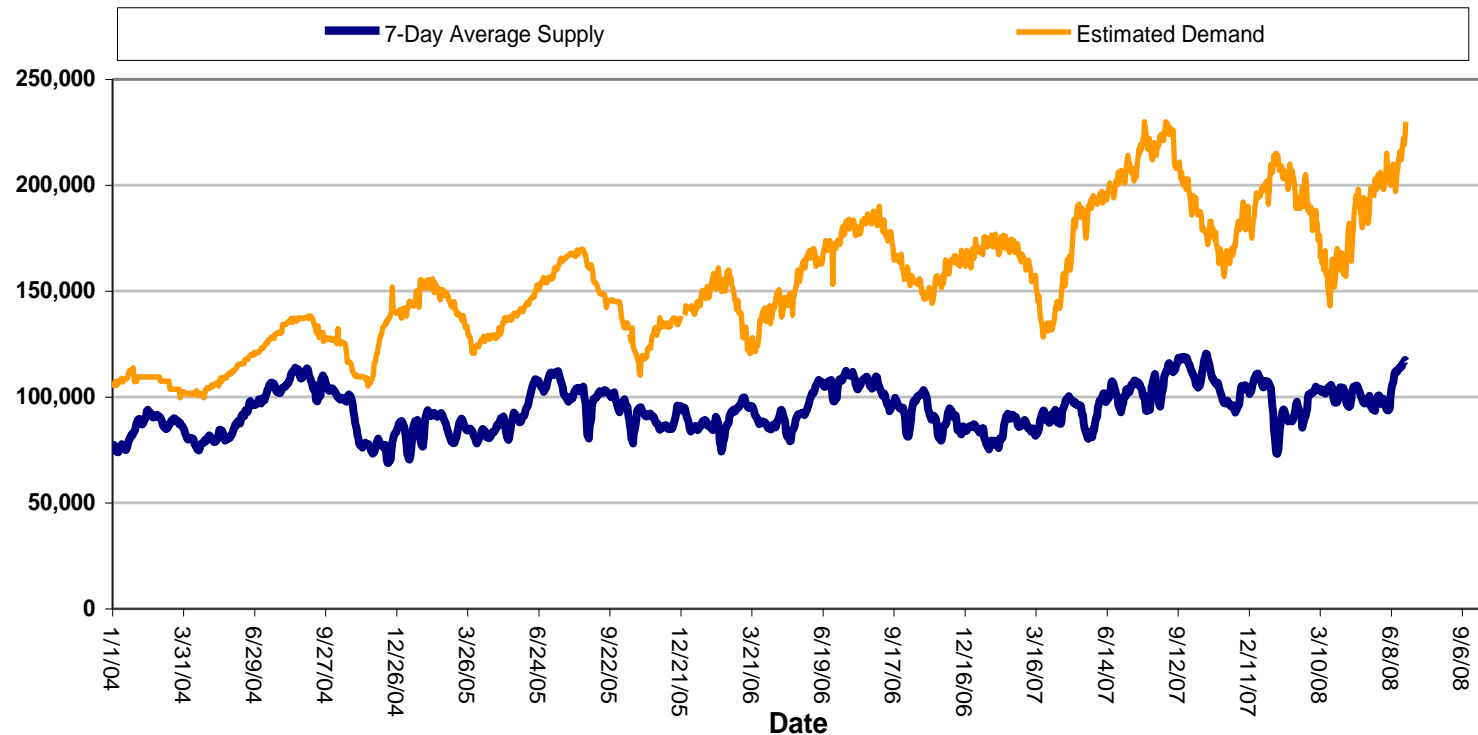
Note: This is a daily average for July 7 – July 13

- Diesel: 17.9 ML supply of 24.5 ML target
- Kerosene: 9.3 ML supply of 14.6 ML target
- Gasoline: 10.7 ML supply of 26.8 ML target
- LPG: 2681 tons supply of 5,100 tons target



ECONOMIC – Electricity

Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004

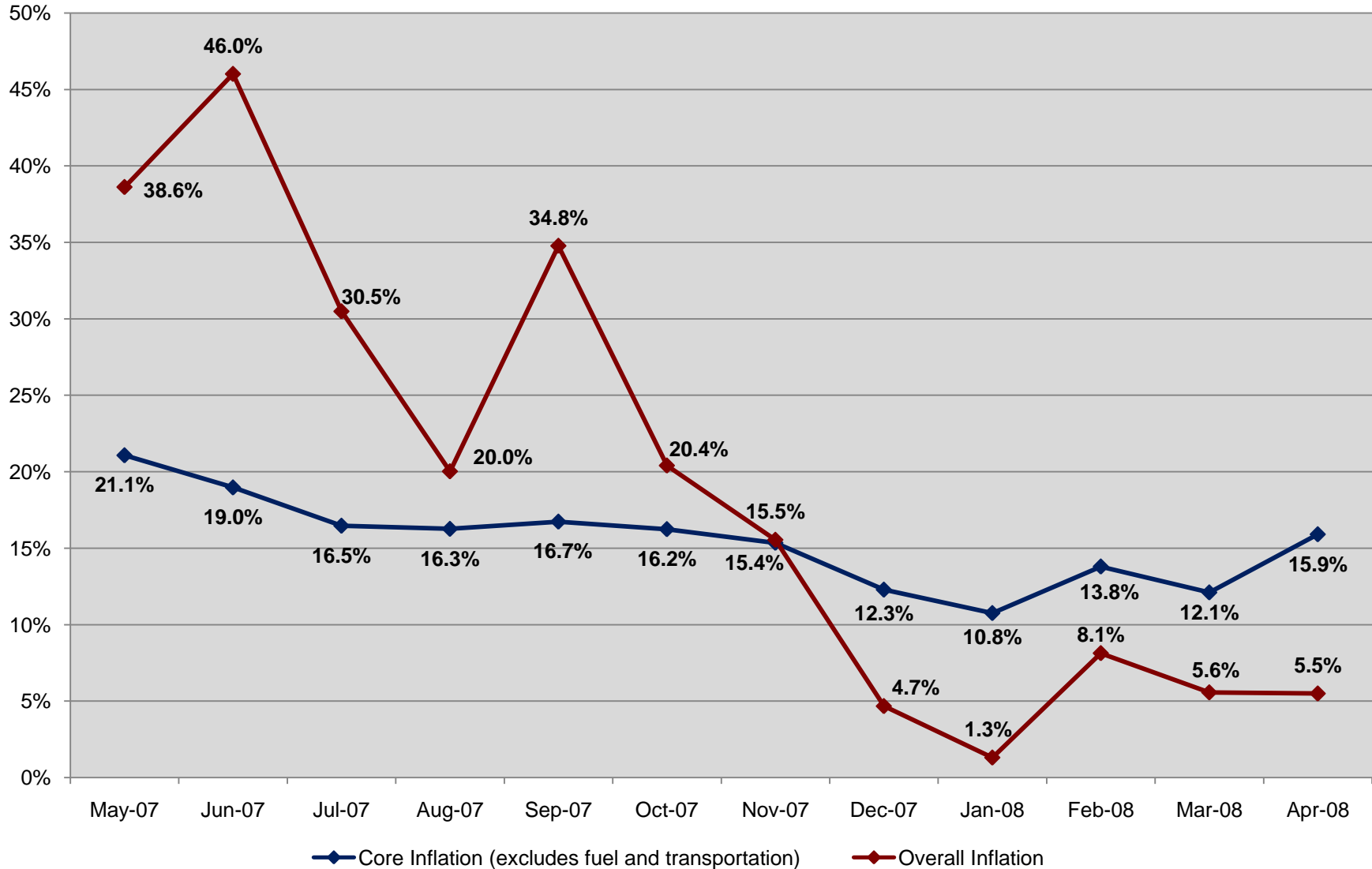


- Daily electricity demand July 9-15 was 11% above the same period last year. Daily supply from the grid was 12% above the year-earlier period and met 52% of demand, compared with 51% for the year-earlier period.
- For July 8-14 average hours of power from the grid after meeting demand from essential services were Baghdad: 10.9 and national 11.4. Year-ago levels were Baghdad 6.3 and national 10.6.



ECONOMIC – Economic Indicators

Year-on-Year Inflation





ECONOMIC – Economic Indicators

| Economic Indicator | This Week | Last Week | Last Month | Last Year |
|--|-------------|-------------|--------------|--------------|
| Iraqi Commercial Bond Sales | | | | |
| Price (USD) | \$73.74 | \$72.37 | \$74.13 | \$62.82 |
| Yield | 8.61% | 8.78% | 8.55% | 10.16% |
| Central Bank's USD Currency Auction | | | | |
| USD Sold | \$67,220.00 | \$81,625.80 | \$57,872,489 | \$66,957,492 |
| NID Exchange Rate | \$1,195 | \$1,195 | \$1,197 | \$1,254 |
| Total Employed by USG Programs | | | | |
| | 133,961 | 121,120 | 134,900 | N/A |



ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2



Data as of 15 July 08

IRRF I & II Financial Summary by Sector

| Sector\Status (Millions of USD) | | | Committed | | | Obligated | | | Disbursed | | |
|------------------------------------|-----------------|--------------|-----------------|-----------------|-------------|-----------------|-----------------|------------|-----------------|-----------------|------------|
| | Allocated | Un-allocated | Last Week | Current | Change | Last Week | Current | Change | Last Week | Current | Change |
| Security and Law | \$4,967 | \$11 | \$4,943 | \$4,943 | \$0 | \$4,943 | \$4,943 | \$0 | \$4,865 | \$4,865 | \$0 |
| Justice and Civil Society | \$2,304 | \$15 | \$2,265 | \$2,265 | \$0 | \$2,258 | \$2,258 | \$0 | \$2,176 | \$2,176 | \$0 |
| Electricity Sector | \$4,188 | \$25 | \$4,071 | \$4,071 | \$0 | \$4,051 | \$4,051 | \$0 | \$3,873 | \$3,873 | \$1 |
| Oil Infrastructure | \$1,718 | \$7 | \$1,597 | \$1,597 | \$0 | \$1,597 | \$1,597 | \$0 | \$1,578 | \$1,578 | \$0 |
| Water and Sanitation | \$2,062 | \$23 | \$1,982 | \$1,981 | -\$1 | \$1,952 | \$1,952 | \$0 | \$1,823 | \$1,823 | \$0 |
| Transportation and Comm\ | \$462 | \$2 | \$458 | \$458 | \$0 | \$458 | \$458 | \$0 | \$417 | \$417 | \$0 |
| Roads, Bridges and Const\ | \$324 | \$4 | \$313 | \$313 | \$0 | \$313 | \$313 | \$0 | \$256 | \$256 | \$0 |
| Health Care | \$810 | \$9 | \$788 | \$788 | \$0 | \$778 | \$778 | \$0 | \$737 | \$738 | \$0 |
| Private Sector Development | \$838 | \$1 | \$820 | \$820 | \$0 | \$820 | \$820 | \$0 | \$814 | \$814 | \$0 |
| Edu\, Refugees, Human Rights | \$460 | \$0 | \$431 | \$431 | \$0 | \$431 | \$431 | \$0 | \$407 | \$407 | \$0 |
| Admin Expense (USAID,DoS) | \$220 | \$0 | \$218 | \$218 | \$0 | \$218 | \$218 | \$0 | \$208 | \$208 | \$0 |
| Total IRRF II | \$18,352 | \$97 | \$17,888 | \$17,887 | -\$1 | \$17,819 | \$17,819 | \$0 | \$17,154 | \$17,155 | \$1 |
| IRRF II Non-Construction | - | - | \$7,965 | \$7,964 | \$0 | \$7,949 | \$7,949 | \$0 | \$7,738 | \$7,739 | \$1 |
| IRRF II Construction | - | - | \$9,403 | \$9,403 | -\$1 | \$9,350 | \$9,350 | \$0 | \$8,899 | \$8,899 | \$0 |
| IRRF II Overhead | - | - | \$520 | \$520 | \$0 | \$520 | \$520 | \$0 | \$517 | \$517 | \$0 |
| Total IRRF I | \$2,475 | \$0 | \$2,291 | \$2,291 | \$0 | \$2,232 | \$2,232 | \$0 | \$2,139 | \$2,139 | \$0 |
| Grand Total IRRF I & II | \$20,827 | \$97 | \$20,179 | \$20,178 | -\$1 | \$20,051 | \$20,051 | \$0 | \$19,293 | \$19,294 | \$1 |

Apportion amounts reflect those of the latest Executive Office of the President Report, published by the Office of Management and Budget. Committed, obligated and disbursed amounts reflect last numbers reported by each agency.



DIPLOMATIC – Political Engagement

Kuwait to Name Ambassador to Iraq:

- On July 10, Kuwaiti Foreign Ministry Undersecretary Khaled Jarallah said because of the improved security conditions in Iraq, Kuwait planned to name an ambassador to Baghdad and to reopen its embassy in Iraq. Jarallah did not provide names of the candidates for the Iraq post but said the new embassy would most likely be located in the Green Zone.

Turkish Prime Minister Visits Iraq:

- On July 10, Turkish Prime Minister Recep Tayyip Erdogan visited Iraq to strengthen economic and security relations between Baghdad and Ankara. Prime Minister Maliki hailed Erdogan's visit as historic, the first by a Turkish Prime Minister in nearly 20 years. During the visit the two leaders discussed a wide-range of issues from countering terrorism to bilateral trade.

DIPLOMATIC – Economic Engagement



Turkey and Iraq Sign Security and Trade Agreement:

- On July 10, Iraq and Turkey signed a joint political declaration establishing a strategic cooperation council to develop a long-term strategic partnership. Council members include the ministries of trade, energy, security, investments, and water resources. The declaration also stated that Iraq and Turkey would cooperate on a wide range of issues, from border security and combating terrorism to trade promotion.



DIPLOMATIC – Coalition Contributors

24 Countries with forces in Iraq (including US)

| | | | |
|--------------------|----------------|------------|----------------|
| Albania | Czech Republic | Kazakhstan | Poland |
| Armenia | Denmark | Korea | Romania |
| Australia | El Salvador | Latvia | Tonga |
| Azerbaijan | Estonia | Lithuania | Ukraine |
| Bosnia-Herzegovina | Georgia | Macedonia | United Kingdom |
| Bulgaria | Japan | Mongolia | |

TOTAL ~ 9,372 Forces

30 Countries and NATO*
(including the US)
Support Iraqi Stability Operations

*30 includes the US, the 23 countries listed above, and six non-MNF-I countries: Hungary, Italy, Netherlands, Portugal, Slovenia, Turkey

Note: Fiji participating as a part of the UN Assistance Mission in Iraq (UNAMI), are not included.



CONTACT INFORMATION

- This brief draws from multiple sources. References are cited on the following pages.
- Please forward all questions and/or comments to:
NEA-I-IPOG-DL@state.gov



NOTES AND SOURCE CITATIONS (1 of 2)

Slide 4:

- CoR Report, July 15 and July 16

Slide 5-6:

- NEA Political Section, NEA-I-POL-DL@state.gov

Slide 7:

- http://www.washingtonpost.com/wp-dyn/content/article/2008/07/09/AR2008070902396_2.html
- http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=21126&Itemid=128

Slide 8:

- http://www.mnf-iraq.com/index.php?option=com_content&task=view&id=21189&Itemid=128

Slide 9:

- DoD Input to Iraq Weekly Status Report July 16, 2008

Slide 10:

- AP, July 14: http://www.usatoday.com/news/world/iraq/2008-07-12-Iraq-politician_N.htm?csp=34
- CNN, July 9: <http://www.cnn.com/2008/WORLD/meast/07/08/iraq.main/>

Slide 11:

- CBS, July 10: <http://www.cbsnews.com/stories/2008/07/10/ap/middleeast/main4246976.shtml>

Slide 12:

- Reuters, July 10: <http://www.reuters.com/article/middleeastCrisis/idUSL09161960>

Slide 13:

- Reuters, July 11: <http://www.reuters.com/article/inDepthNews/idUSL1034545420080711?sp=true>



NOTES AND SOURCE CITATIONS (2 of 2)

Slide 14-17:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 17:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

Slide 18:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

Slide 19:

- Derived from Multiple Sources. (ITAO IMU Essential Indicators Report, Baghdad, 15 July 2008) (Bloomberg.org) (Central Bank of Iraq, Foreign Exchange Auction, CBiraq.org) (<http://www.cbiraq.org/C.B.I.%20FOREIGN%20EXCHANGE%20AUCTIONS.pdf>)

Slide 20:

- ITAO IMU Essential Indicators Report, Baghdad, 15 July 2008.

Slide 21:

- Reuters - <http://www.alertnet.org/thenews/newsdesk/L10142016.htm>
- BBC - http://news.bbc.co.uk/2/hi/middle_east/7499401.stm

Slide 22:

- CNN - <http://www.cnn.com/2008/WORLD/meast/07/10/iraq.turkey/index.html>

Slide 23:

- DOD Input to Weekly Status Report, updated July 16 2008